

How Soft White Wheat Growers Have Been Denied The Farm Program Safety Net

Three forms of price support for wheat growers:

1. Direct payment which is a flat payment of \$.52 per bushel
2. Loan - if wheat price drops below loan then producer is reimbursed for difference. This is called the LDP payment.
3. Counter cyclical - producer guaranteed a target price of \$3.92 (less the direct payment).

Loan rate in Walla Walla for winter wheat.

White Wheat loan \$2.74

Hard Red Winter \$3.24

In Walla Walla the harvest low price has been \$2.91 so far this year. If white wheat had a loan rate equivalent to Hard Red Winter we would have had an LDP of \$.33 ($\$3.24 - \$2.91 = \$.33$).

Effect of the counter cyclical payment. The target price is \$3.92 less the direct payment of \$.52 leaves a support price of \$3.42. Since the national average price of all wheat will be above \$3.42 no wheat producers will receive a counter cyclical payment this year. We estimate that the average price for white wheat will probably be about \$3.00 thus there will not be any support for white wheat producers at the \$3.42 target price. This represents a loss of \$.42 per bushel.

In conclusion, we feel that soft white wheat producers have been disenfranchised in that they don't receive price support from the farm program. To correct this inequity we need a loan rate equivalent to hard red winter wheat and/or a national average price computed by class of wheat.

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